Declining Power Europe?
The Evolution of the European Union’s World Power in the Early 21\textsuperscript{st} Century

Douglas Webber
The Monash European and EU Centre (MEEUC) Working Paper Series has been established to contribute to the academic debate on Europe, the European Union (EU), the EU in the world, and comparative regionalism.

This online Series aims to showcase the work in these fields of both current and former staff, students and research/visiting fellows of MEEUC and Monash University. The Series provides an opportunity for scholars to receive feedback on work in progress, and most importantly, offers budding researchers exposure for their work.

The Editorial Board welcomes submissions from professors, fellows, PhD candidates and postgraduate students. Papers may come from a range of disciplines, including but not limited to Arts, Business, and Law. For more information on submissions, visit our website www.monash.edu/europecentre or contact europecentre@monash.edu

Papers in this series:


Australia and ASEM: The First Two Years, Melissa Conley Tyler and Eric Lerais, May 2013 (2013/1)


Monash European and EU Centre
Monash University
Caulfield Campus
Level 3, Building B
Caulfield East VIC 3145
AUSTRALIA

The Monash European and EU Centre is a joint undertaking by the European Commission of the European Union (EU) and Monash University
ABSTRACT

At the dawn of this century there was some optimism that the world role and power of the European Union (EU) would grow. This optimism was most vividly expressed in such books as *The United States of Europe*, *The European Superpower* and especially in *Why Europe Will Run the 21st Century*, where it was argued that the EU would succeed the US as the dominant superpower. This paper evaluates the evolution of the EU’s world power in the decades before and after 2003 in respect of regulatory (including environmental) policy, trade policy, monetary and fiscal policy, security and defence policy and the promotion of democracy, human rights and regional cooperation. Although the EU’s power varies by issue-area and geographic location, overall its power is receding, owing primarily to its relative economic decline, exacerbated by the eurozone crisis, and politico-institutional structures that continue to constrain its capacity to adopt and implement common policies. The EU does not look like a superpower that will run the 21st century, but rather like a *declining* power.
Introduction

Hardly more than a decade ago, around 2003, it was conceivable to imagine that the European Union (EU) was going to develop in its own right into a world power, a political entity “capable of holding its own” against any other (cf. Kennedy 1987: 539). It was already an influential player in international trade politics (Cameron 2012: 2, 11). In 1999, its member states had adopted a new European Security and Defence Policy (ESDP) and decided that, by the end of 2003, a “rapid reaction force” should be ready for deployment in crises abroad. In 2003, it expressed its aspirations to play a significant international security role by publishing its first “European Security Strategy” (EU 2003). In 2002, the last stage in the introduction of the single currency had been completed and 12 of then 15 member states had adopted it. Negotiations for the accession of 10 new member states had terminated so that they could join the EU in May 2004. A European Convention was devising proposals to change the EU treaties so that this enlargement would not erode the EU’s decision-making capacity. Moreover, as accelerating European integration since the mid-1980s had contributed to an intensification of inter-state cooperation in other regions, the contours of an increasingly “regionalized” international economic and political order were becoming visible (Manning 2000).

Even at this time, of course, not everyone agreed that the EU’s world role and power would expand. More observers forecast that the new century would be “Asian” or “American” than that it would be “European”. Not least the US-led invasion of Iraq in spring 2003 brutally exposed major divergences in the foreign and security policy orientations of the member states. However, the above-mentioned events and trends could be, and occasionally were, interpreted as indicating that history was on the EU’s side or, in a “Europhile” adaptation of Fukuyama’s “end-of-history” argument, that the future of the world belonged not to the West in general or the US in particular, but rather to an increasingly integrated Europe, an argument that was reflected in the title of several books and articles: *The United States of Europe* (Reid 2004), *The European Superpower* (McCormick 2007), “Europe: The Quiet Superpower” (Moravcsik 2002 and 2009), *Europe’s Promise* (Hill 2010) and, most strongly, *Why Europe Will Run the 21st Century* (Leonard 2005).
This paper analyzes how the world power of the EU has evolved during the last decade. The next section reviews the literature on the EU’s power. Then, the paper provides an analytic framework for evaluating it, defining the concept of power, distinguishing between the different dimensions of the EU’s power, and describing a methodology for assessing the evolution of this power over the last decade. Subsequently, the paper compares and contrasts the outcomes of conflicts between the EU and extra-EU actors during the last decade with those of conflicts that occurred during the preceding decade. This paper finds – in neoclassical realist vein - that, owing primarily to a decline in its relative material capabilities and tenacious and strong politico-institutional constraints impeding its capacity to mobilize its existing capabilities for political ends, overall, its power is declining.

Many kinds of power, but in any case a rising power: Literature review

The nature of the EU’s power has long been a widely-discussed topic among EU scholars. More than 40 years ago, Duchêne (1972) coined the concept of “civilian power” for the EU, stressing that it brought a qualitatively new, non-military approach to the management of international conflicts. Manners (2002) labelled the EU a “normative power” that shaped the behaviour of other international actors not by coercing them or by rewarding or punishing them financially, but rather by “contagion”, by diffusing its (peaceful) norms: “The most important factor shaping the international role of the EU is not what it does or what it says, but what it is” (Manners 2002: 252). Meunier and Nicolaïdis (2006) have characterized the EU as a “conflicted trade power”. Similarly, in explicit contrast to Manners, Damro (2012) claims that the EU’s identity is “not a particular set of collective norms but rather a comparatively large regulated market” that predisposes the EU to act as “market power Europe” whose control over access to the single market may enable it to wield power over other international actors over a wide range of issue-areas including not just trade, but also agricultural, environmental and competition policies. Hyde-Price (2006) and Zimmermann (2007) argue that the EU’s behaviour can be well explained in terms of realist international theories. And indeed the planned strengthening of the EU’s military intervention capacities prompted the original exponent of the notion of “normative power Europe” to lament the erosion of “normative conceptions” and the increasing “militarization” of the EU (Manners 2006: 194).
What is common to these rival conceptions of the nature of the EU’s power is that they imply that it is growing.\(^1\) Other observers have made this argument more explicitly and boldly, rating the EU as powerful as the US or even forecasting that it will eclipse the latter and take its place as the world’s primary power in the 21st century (Reid 2004; McCormick 2007; Leonard 2005). Already in 2001 Kupchan (2001: 4-5) saw the EU becoming a “new pole of power” that would put an end to the US-dominated unipolar world order. Reid viewed the EU as a “second superpower that can stand on equal footing with the United States” (Reid 2004: 1). Moravcsik (2009) largely agreed. For him, Europe was the world’s “pre-eminent civilian power and its second military power”. Its power had risen over the last two decades and would likely continue to do so, especially given that the world had become a “more hospitable place” in which the EU could more effectively deploy its civilian power. McCormick (2007: 174) claimed similarly that the EU was a “superpower, and the new pole in a post-modern bipolar international order”.

The boldest case that the EU’s power is both strong and growing was made by Leonard (2005). In his view, the EU was the hub of a zone of influence, the “Eurosphere”, which embraced a third of the world’s population, extending beyond Europe deep into the Middle East and Africa. It was a “transformative power” that - gradually and invisibly, but both fundamentally and irreversibly - changed the countries in its orbit. It was re-shaping the world by expanding the reach of international law, deploying “the might of its large market”, its wealth, broad and not just military-oriented conflict-management strategies, and its power to offer or deny membership to countries in its neighbourhood. Its radiance, according to Leonard, also reflected the attractiveness of its model of peaceful inter-state relations and its social model (Leonard 2005: 7). The “silent revolution” unleashed by the EU would “transform the world” and make the current century “European” (Leonard 2005: 19). If European leaders themselves were less inclined to hyperbolic prognoses as to the EU’s future than some scholars, many of them, too, were confident around the turn of the century that the EU was destined to become a “great” or “world power” (for example, Blair, Chirac and Prodi, as cited in Toje 2011: 149-50, 183).

\(^1\) A notable exception to this rule is the study of Toje (2011: 28-32). He classifies the EU as a “small”, because it is “dependent” (on the US), defensive and limited in the scope of resources it can mobilize to shape its external relations and prefers to settle international conflicts by multilateral cooperation. However, he does not explicitly argue that the EU’s power is diminishing.
The power of the EU: An analytic framework

This paper is not primarily concerned with the nature of the EU’s power. It assumes rather that the EU’s power is *multi-dimensional*. Power is defined as consisting in the capacity to cause other (extra-EU) actors to behave in ways that the EU wants and they would not do otherwise. I distinguish three fundamental *power resources* or capabilities (table one). The first is military (“hard”) power, which involves the use or threat to use physical force. The second is economic or financial power, which involves deploying positive or negative material sanctions (such as the granting or withdrawal of market access and financial aid). The third is ideological (“soft”) power, which may be exercised directly, when, for example, one actor *persuades* another that a certain course of action will promote a given goal or *socializes* it into accepting certain behaviour as right or appropriate (“normative power”), or indirectly, in as far as it serves as an attractive “model” for other actors that strive therefore to emulate it (cf. Börzel and Risse 2009a). The ensuing empirical analysis (see next section) suggests that, of these resources must be mobilized and deployed by actors for them to *exercise* power. The exercise of power between states – the way in and extent to which they mobilize and deploy their resources or capabilities, the economic and financial ones are paramount and that the evolution of the EU’s power over the last decade is a function first and foremost of a relative decline of its material capabilities. In this regard, it corroborates (neo-)realist interpretations of international relations that emphasize the primacy of the distribution of material power as a determinant of outcomes.

The subsequent analysis also shows, however, that the mere presence or existence of power capabilities, material or otherwise, does not suffice for a state (or state-like entity) to exercise international power. To exercise power, all the above-mentioned resources, except emulation, must be mobilized and deployed. The prognoses that the EU would emerge as a big or world power were not fuelled by the growth of the EU member states’ economies or their military capacity as such, but rather assumed or implied that the EU would continue to enlarge and especially to become politically more closely integrated. The EU’s organs would win greater authority and autonomy vis-à-vis the member states and be able to call upon a greater proportion of the power capabilities under the latter’s control and increasingly to speak with one voice and act with one will in international affairs. This process, however, has not materialized, at least not to the extent that the ‘euro-optimists’ surmised it would. Given
heterogeneous interests under an at least informal requirement of consensual or near-consensual decision-making, the EU has been tightly constrained, if not indeed sometimes paralyzed, in external policy-making. Its experience suggests that the exercise of international power is strongly mediated by the structure of political institutions, especially the degree of their centralization, cohesion and capacity to mobilize societal resources (cf. Zakaria 1998: 35-43).\(^2\) State-centred or neo-classical realist theoretical perspectives that highlight the significance of this variable may thus provide a more satisfactory explanation of the trends in the EU’s world power than ‘pure’ neo-realist ones inclined to attribute the outcomes of international conflicts to the distribution of material power capabilities alone.\(^3\)

<table>
<thead>
<tr>
<th>Power Resources</th>
<th>Instruments</th>
<th>Mediation of Exercise of Power</th>
<th>Issue - Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Military (“Hard Power”)</td>
<td>Use or threat of physical force</td>
<td></td>
<td>Defence / security policy</td>
</tr>
<tr>
<td>Economic / Financial</td>
<td>Positive or negative material</td>
<td>Politico-institutional</td>
<td>Environmental policy</td>
</tr>
<tr>
<td>Financial (“Market Power”)</td>
<td>sanctions</td>
<td>structures (capacity to adopt + implement common policies)</td>
<td>Monetary + fiscal policy</td>
</tr>
<tr>
<td>Ideological (“Soft / Normative” Power)</td>
<td>Persuasion, socialization emulation (“model” traits)</td>
<td></td>
<td>Promotion of democracy, human rights + regional cooperation</td>
</tr>
</tbody>
</table>

Note: This framework is based partly on Börzel and Risse 2009a. The diagram serves illustrative purposes only. Different power resources may be deployed across a wider range of issue-areas than those specified.

Following my conceptualization of power as the capacity of an actor to cause other actors to behave in ways that it wants and that they would not do otherwise, I will explore below to

---

\(^2\) Parallels may be drawn here, of course, between the evolution of the EU and the gradual growth of the power of the US federal government in the late 19\(^{th}\) and early 20\(^{th}\) centuries (Zakaria 1998) – whereby the growth of power of the ‘centre’ of the EU has arguably slowed greatly during the last decade.

what extent the EU has been able to prevail in international conflicts in several issue-areas. To assess trends in its power, I will compare its impact on conflicts in roughly the decade before and the decade after the “benchmark” year of 2003, when numerous events, decisions and processes propitious for the emergence of a “powerful” EU converged (see introduction above). My choice of issue-areas for analysis was guided primarily by the judgments of the main contributors to the debate on the nature of the EU’s power. If the EU is a “market” or “trade” power, one should find evidence for this in the areas of external trade and regulatory policy. Its power should also be manifested in the area of international environmental, especially climate change, policy, where its international leadership role has been remarked upon not only by various observers (Damro 2009; Lenschow 2009; Oberthür and Kelly 2008; Oxfam 2009), but also by the EU itself. If it is a “normative power”, this should be observable in the promotion of democracy and human rights and in respect of regional cooperation beyond Europe. In other words, the analysis focuses on those issue-areas in which the EU is most likely to be a powerful actor. If, in these areas, it is not or its power to affect outcomes is declining, it is highly probable that this judgment will hold in other issue-areas as well.

To the above five issue-areas I add two others. First, defence and security policy, because, although historically the EU had no military role, it agreed an ambitious programme at the turn of the century to develop its own military intervention capacities and, second, monetary and fiscal policy, because numerous advocates of the euro, especially in France, anticipated that its creation would shift the balance of power in the international monetary system in Europe’s favour or even that the euro would succeed the US dollar as the world’s dominant currency (Dyson and Featherstone 1999: 797). Thus, if the EU was neither a military nor a monetary power at the start of the century, there were fairly widely-held expectations that it soon would be.

The evolution of the EU’s world power: A cross-issue-area analysis

Regulatory politics

Regulatory policy is an area in which the EU has frankly expressed its objective to be a world power. The single market, according to the European Commission, gives the EU, according to the European Commission, the “potential to shape global norms” and should be the “launch
pad of an ambitious global agenda”. Encouraging other countries to adopt European standards and norms in multi- and bilateral negotiations helps European businesses beat their overseas rivals because this benefits “those already geared up to meet these standards’. Increasingly, the world is “looking to Europe and adopts the standards that are set here” (all quotes from a Commission paper, cited in Buck 2007a).

Scholarly analysis supports the thesis that Brussels has become the “regulatory capital of the world” (Buck 2007b). Vogel (2012) portrays the shift in the regulatory balance of power from the US to the EU over the last half century. Many relatively stringent US regulations enacted during the 1970s and 1980s “either directly or indirectly” influenced European regulatory policies (Vogel 2012: 11). Since then these roles have reversed. Thus, numerous US states have followed the EU’s lead on regulatory policy issues, ranging from chemicals safety across electronic equipment disposal to consumer safety (Vogel 2012: 12). US-based companies have also been increasingly compelled to change their standards to continue to export to the EU single market. The evolution of trans-Atlantic chemicals safety regulations typifies a broader trend. The US Toxic Substances Control Act (TSCA), passed in 1976, preceded comparable EU legislation, which remained weaker. However, the EU’s recent REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulation, adopted in 2006, was more radical than US legislation. If REACH has not precipitated the adoption of similar federal legislation in the US, several other large countries – Russia, Japan, China, South Korea and Australia - have revised their chemical regulations to align them more closely with the EU’s. Many of the EU’s trading partners also adopted similar legislation to the EU’s RoHS (Restrictions on Hazardous Substances) directive and brought their rules relating to genetically modified organisms closer into line with the EU’s regulations on this issue.

Regulatory policy is thus an area in which the EU’s power has been growing and it could be rated as the world’s dominant power. The EU’s regulatory leadership is a function primarily of the size of its market, the world’s largest, which is underpinned by its relative per capita wealth and the size of its population. But it has been bolstered by closer political integration – notably on regulatory issues – which has facilitated the adoption of common EU standards,

---

4 The analysis in this paragraph relies heavily on Vogel (2012).
and its gradual enlargement - from 12 member states in the mid-1980s to 28 in 2013 – which, by increasing the size of its market, has enhanced its bargaining power vis-à-vis third states.

If these variables largely explain the recent growth of the EU’s regulatory power, they also suggest that the EU’s power in this regard may already have reached its zenith. The scope for the EU to increase the size of its market by further enlargement is limited. Among the remaining “European” states outside the EU, only Russia, whose accession has never seriously been mooted, and Turkey is not even an issue, would greatly increase the size of the EU market if they were to join. Both have drifted further away from the EU in the last decade (Kaplan 2013). It is more likely that the UK will leave the EU than that they will join. It is probably only by growing faster than other large markets that the EU can sustain its regulatory power primacy, but the EU’s recent economic growth rate has been lower than in all of these.

Environmental politics

In no issue-area has the EU more clearly articulated its ambition to be a world leader than in environmental, especially climate change, politics. The EU in fact played a central role in the negotiations leading to the adoption in 1997 and subsequent ratification of the Kyoto Protocol designed to curb worldwide greenhouse gas emissions (Oberthür and Ott 2000; Bäckstrand and Elgström 2013: 1376). Especially after the US refused to ratify the protocol, the EU was extremely active mobilizing the support of enough other countries to enable the international treaty to enter into force (Webber 2006: 9). By the end of 2005, some 156 states, representing over 80 per cent of the world’s population, had ratified the protocol.

Since then, however, the EU’s role as a world “green power” has diminished. The most powerful illustration of this trend in international climate change politics was the outcome of the 2009 Copenhagen Summit, at which a successor to the Kyoto Protocol was to be negotiated. The EU went to the summit pledging to make substantial cuts in member states’ emissions and hoping to secure like commitments from other major emitters. Not only did the summit fail to produce an agreement binding its signatories legally to curb their greenhouse gas emissions, but also, when the decisive negotiations occurred, the EU and its member states were not even at the table. Rather, the participants comprised US president Obama and his counterparts from China, India, Brazil and India. The EU had no input into the minimal
accord that was reached and of which the Commission president allegedly heard via a text message. For the EU, the summit was labelled variously as a “humiliation” (Lehmann 2010) or – by the minister chairing the EU Council at the time – as a “great failure” and “disaster” (Financial Times 2009).

The EU has not quite been marginalized at subsequent international environmental negotiations as it was in Copenhagen (Bäckstrand and Elgström 2013; Oberthür and Rabitz 2014). But this is primarily a result of the EU having recognized its diminishing bargaining power, resigned itself to working “with rather than against the changing geopolitical context of climate change in which BASIC had emerged as a veto power” and, also because of its preoccupation with the post-2008 financial and economic crisis, having lowered its environmental policy objectives (Bäckstrand and Elgström 2013: 1381; Der Spiegel Online 2013 and 2014; Financial Times 2014). The “diffusion” of EU climate change policy norms to large countries such as China and India is limited and conditional upon their congruency with domestic political priorities (Torney 2012). The failure of the EU to apply its airlines carbon emissions trading rules to foreign airlines also suggests that the EU cannot impose its climate change priorities on such countries. Backed by their respective governments, both Chinese and Indian airlines refused to comply with the scheme, which the US, Russia and Brazil also opposed (Global Times 2013; Financial Times 2013c). Rather than risk a global trade war and reportedly under pressure from Airbus, which was worried about its aircraft exports, the EU decided in 2012 to postpone the application of the scheme to foreign airlines.

External trade policy

Given the size of the European market and the extent of the centralization of external trade policy competences, the EU should have a strong impact on international trade politics. However, the history of multilateral international trade negotiations over the last 25 years points to a diminution of the EU’s world power comparable to what has occurred in international climate change politics.

During this period, two series of such negotiations have occurred. The first, the Uruguay Round from 1986 to 1993, ended in an agreement that liberalized industrial, agricultural and services trade, reformed trade dispute procedures and created the World Trade Organization

---

5 BASIC = Brazil, South Africa, India and China.
(WTO) as a successor to the GATT (General Agreement on Tariffs and Trade). The second, the Doha Round, was launched in 2001. Long apparently moribund, this round was resuscitated by an agreement over trade facilitation in 2013, but remained deadlocked over the remaining, far larger part of the agenda.

The Uruguay Round was dominated by the EU, the US and their bilateral relationship. The trans-Atlantic conflict over agricultural trade in particular proved the major obstacle to an accord (Webber 1998). Within 36 hours of the two parties having finally settled their differences, the other, more than 100 GATT member states accepted the trans-Atlantic accord and the round was concluded (Paemen and Bensch 1995: 247). In the middle of 1990s, an EU-US agreement thus proved still to be a sufficient pre-condition of multilateral international trade liberalization.

The Doha Round, in contrast, has exhibited a very different pattern of trade policy cleavages. Trans-Atlantic divergences have been overshadowed by conflicts between the “developed” and rising “developing” economies. The critical breakdown in the Doha Round occurred in 2003 at Cancun, “largely because developing countries”, led by Brazil, India, China and South Africa, were “conscious of their growing power and unhappy with the deal on offer” (Beattie and Williams 2005). Last-minute concessions offered by the EU failed to assuage the developing countries that wanted a greater reduction of levels of agricultural protection than either the EU or the US was prepared to concede (Sally 2004). The divergent cleavage patterns and outcomes of the two trade rounds suggest that, as a consequence of far more rapid economic growth in the “emerging markets” than in the North Atlantic region, the old bipolar distribution of power in international trade politics has been replaced by a multipolar one in which the EU’s role and power are more limited.

As the Doha Round was marking time, the EU turned increasingly towards negotiating bilateral trade liberalization agreements, of which as many as 50 are now in place. Those with North African states, for example, were “often skewed in favour of EU interests” (Burke 2013: 4). In trade negotiations with bigger countries, however, the EU has arguably come off less well. Thus, when, for example, the European Commission tried to impose tariffs on Chinese solar panel exports to the EU, the Chinese government lobbied a majority of the member states led by Germany to oppose them, forcing the Commission to retreat and
handed it a ‘brutal lesson in trade realpolitik’ (Simon Everett, quoted in Chaffen 2013). In this case the Commission was undermined by the EU’s incapacity to act cohesively even in an issue-area where its treaty-based competences vis-à-vis the member states are among the strongest.

Monetary and fiscal policy

The creation of the euro was frequently linked with the expectation or hope that it would supersede the US dollar as an international reserve currency. A single European currency, the former French president, Valéry Giscard d’Estaing predicted, would be the “world’s leading currency” (Channel 4 1998). Possessing the most widely used international reserve currency would ease current account constraints and give the eurozone member states greater autonomy in respect of fiscal policy compared with the pre-1999 status quo, advantages currently enjoyed by the US.

The euro, however, has so far failed to pose a serious challenge to the primacy of the dollar. Before the launching of the euro in 1999, the currencies of its member states accounted for about 19 per cent of global foreign exchange reserves. This figure climbed to about 24 per cent in 2002, peaked at almost 28 per cent in 2009, then fell again to 24 per cent in 2013 (European Central Bank 2013). At 62 per cent in 2012, the US dollar was still two and a half times more widely held as a reserve currency than the euro. Assuming at least relative demographic and economic stagnation in the eurozone and continuing conflicts over its governance, the euro is less likely to vie for world supremacy with the dollar than to remain a “second-tier, regional currency”, important for Europe and its immediate neighbourhood but not wider afield (Cohen 2013).

Meanwhile, in the early phase of the global financial crisis, several EU members – Hungary, Latvia and Romania – had to seek aid from the International Monetary Fund (IMF). As the crisis spread to the eurozone itself, high levels of state indebtedness and the incapacity or unwillingness of the ECB and other members to cover the full costs of their being “bailed out” forced several members of the euro to seek IMF loans as part of larger rescue packages. Up to 2013, the IMF had contributed about one-third of the aid provided to bail out Greece, Portugal and Ireland. With the European Commission and the ECB, its representatives formed the troika that negotiated the conditions of loans to these states and Cyprus. In April
2013, some 62 per cent of the IMF’s financial commitments were to European countries, almost all of them EU member states, compared with almost nothing just a few years previously (IMF 2013: 19; Ewing 2013). The EU’s partial dependence on the IMF to bail out some of its crisis-stricken member states created hitherto non-existent scope for external states to influence eurozone monetary and fiscal policies. This dependence, despite its being moderated by the EU member states’ strong representation in the IMF’s decision-making organs, threatened to give non-European governments increasing power over economic policy choices in the eurozone. In case of doubt, these states were beginning to exercise power over the eurozone rather than vice versa.

Security and defence policy

The wars in former Yugoslavia in the 1990s demonstrated the extreme dependence of the EU and its member states on the US to intervene in security crises even in its immediate neighbourhood and convinced them of the need to develop an independent European military intervention capacity. At joint Anglo-French instigation, the EU launched the ESDP and pledged to create a “rapid reaction force” comprising 60,000 troops from the member states’ armies, capable of being deployed within 60 days and operating for up to a year. Subsequently the EU scaled down the magnitude of its ambitions, opting instead to develop much smaller “battle groups”, comprising no more than 1500 troops from member states, commanded by a “lead nation” and capable of being deployed within five to 15 days and conducting military operations lasting up to 120 days. As of 2013, however, no “battle groups” had been deployed and it seemed increasingly unlikely that any ever would be (Dempsey 2013). No more than 2800 troops were posted abroad under the EU’s command, almost entirely engaged in training and peacekeeping missions.

Fifteen years after the war in Kosovo and 10 since the launching of the first ESDP mission in Macedonia, the EU’s capacity to supply “hard” security beyond the borders of its member states has thus barely increased. Except in the mission to combat marine piracy off the Horn of Africa, where pirates’ attacks dropped by 95 per cent in the two years to 2013 (Matthiessen 2013: 9), the EU seldom had a decisive and positive influence on the outcome of security crises in its neighbourhood. It was sidelined when an Anglo-French-led, US-backed “coalition of the willing” overthrew the Gaddafi regime in Libya and had “little political influence” there afterwards (Toje 2011: 114; Burke 2013: 10). In Egypt it tried but failed to
broker a deal between the military and a Muslim Brotherhood president, as it found itself
outmaneuvered diplomatically by Saudi Arabia and the United Arab Emirates. In the Syrian
civil war, it was but a “fringe player” (Burke 2013: 13).

The EU’s puny military power projection capacity reflected in part the marked reduction of
military spending by its member states. Real European defence spending fell by 10 per cent
between 2005 and 2010 and was projected to decline a further 10 per cent by 2013 (European
Commission 2013: 35). But its capacity to provide “hard” security was also undermined by
the deep divisions that security crises provoked among the member states, whether over Iraq
in 2003, Libya in 2012 or Syria. The strategic cultures of the big member states still diverged,
leading a recent study to conclude – remarkably – that “in the last 10 years, the EU has lost
the sense of common purpose and shared ambition that marked the start of the European
defence enterprise” (de France and Witney 2013: 2).6

In retrospect and paradoxically, the military interventions in former Yugoslavia in the second
half of the 1990s may be regarded as the high-water mark of effective defence cooperation
among the EU member states.7 Except for Greece, they all participated in these (US-led)
interventions, which were decisive for pacifying and stabilizing the region. The EU has not
been able to replicate a comparable level of unity in any significant subsequent security crisis.

The EU’s capacity to affect the outcomes of defence and security conflicts may not depend
entirely, of course, on its military strike power. In its direct neighbourhood, for example, it
may be able to use the “accession card” to settle such conflicts. Thus, not the threat of
military intervention, but rather the Serbian government’s EU membership aspirations
enabled the EU to mediate an intractable dispute between Kosovo and Serbia over the status
of majority ethnic Serbian districts in Kosovo in 2013. The EU was also involved in
mediating an international accord over Iran’s nuclear programme. This accord, however, was
facilitated primarily by changes in the Iranian leadership and US policy and preceded by
discreet direct US-Iranian negotiations from which the EU and the other members of the

---

6 For excellent, more comprehensive analyses of the obstacles to common European action on security and
defence issues, see Krotz 2009, and Menon 2008: 187-211 and 2011 and Haine 2012, who describes the EDSP
as ‘nearly dead’ (200)..
7 On this issue, see also Toje 2011: 153.
“P5+1” group (France, the UK, Germany, Russia and China) were excluded (Ignatius 2013). Where the EU cannot wield the “accession card”, its power is much more limited.

Promotion of democracy, human rights and the rule of law

Democracy, human rights, the rule of law and “good governance” are the core norms that the EU professes to support in its relations with the member states and the world and are said to determine its international identity and distinguish it from other polities (Manners 2002: 241). The EU’s capacity to promote and enforce these norms is the most fundamental measure of the scope of its “normative” power. Its will to champion them among states aspiring to join the EU is enshrined in the 1993 “Copenhagen Criteria” and among others in its 2003 security strategy. The latter argues that the “best protection for our security is a world of well-governed democratic states” and that “spreading good governance, supporting social and political reform, dealing with corruption and abuse of power, establishing the rule of law and protecting human rights are the best means of strengthening the international order” (EU 2003).

The EU’s normative power has varied over time as well as space. The decade before the 2004 enlargement witnessed enormous progress in the political liberalization and democratization of the post-Communist states in Central and Eastern Europe. How decisive the “card” of EU accession was for this process is disputed. Kelley (2004) found that EU membership conditionality strongly influenced several candidate states’ treatment of ethnic minorities. A recent study concluded, in contrast, that the EU had “supported but definitely not driven the successful transition” in this region (Börzel and van Hüllen 2011: 8; similarly, Schimmelpfennig and Sedelmeier 2004). But certainly since 2004, among the states in the Western Balkans that remain outside the EU, the advance of liberal-democratic norms has slowed, especially in those states or territories with “limited statehood” (weak administrative capacities and intense national conflicts) (Börzel 2011).

The EU’s recent record as a champion of liberal-democratic norms on its eastern periphery and on the southern coast of the Mediterranean has been still more limited than in the Western Balkans. The mass protests that overthrew the Ukrainian president after his choice to join a Russian-led trading bloc rather than the EU in 2013 testified to the EU’s normative appeal in this country, but the EU proved impotent in the face of Russia’s subsequent
annexation of Crimea by military force. Of the other former Soviet republics to its east, some, notably Russia itself and Belarus, have become more authoritarian during the last decade. To the south, the Arab Spring had nothing to do with the EU and rather took it by surprise. In its relations with North African and Middle Eastern states, it has prioritized stability over democracy (Börzel and van Hüllen 2011: 17-18; Isaac 2012: 5-9). Its response to the Arab Spring was “weak” (Isaac 2012). One of the EU’s own organs came to the damning conclusion that €1bn in development aid to Egypt had “done little to achieve its aims of improving democracy and human rights” (Financial Times 2013b; Burke 2013: 9).

How effectively the EU has promoted democratic government and human rights further afield than its neighbourhood is more difficult to discern. Its efforts could not prevent a worldwide decline in democracy during the last decade. Where democracy has advanced and human rights improved, the EU’s contribution to this trend cannot easily be distinguished from that of other “pro-democratic” actors and supportive socio-economic trends (on Myanmar, for example, see Portela and Vennesson 2013). The specific impact of the EU in respect of the promotion of human rights may be best assessed by analyzing issues – such as the work of the International Criminal Court (ICC) and the abolition of the death penalty (Manners 2002: 245-52) – where EU initiatives were opposed or not supported by the US. Whilst the number of states that recognize the ICC, which was created in 2002, has more than doubled in the last decade and it is hard to assess the dissuasive impact of the court, it has prosecuted very few alleged war criminals and found none guilty (Le Monde 2013b). The number of countries imposing the death penalty fell during the last decade, from 86 in 2000 to 58 in 2012 (Le Monde 2013a). In the 1990s, however, before the EU began to campaign internationally against the death penalty, the decline – from initially 124 states - had been faster. This suggests that, although the EU may have contributed to this process, its role was not decisive. It has had no discernible restraining impact on the states that carry out the most executions, such as Iran, Iraq, Saudi Arabia, the US and above all China. The EU’s appointment of a Special Representative for Human Rights in 2012 to “help bridge the gap between rhetoric and reality” in its human rights strategy suggests that it does not believe itself that it has had a significant impact in this issue-area (Macmillan-Scott 2013).

8 In 2013, the American think tank Freedom House found more declines in democracy worldwide than gains for the eighth consecutive year (Freedom House 2014). By its estimation, the proportion of the world’s population living in free, partly and not free countries evolved from 19, 40 and 40 per cent respectively in 1993 to 44, 21 and 35 per cent in 2003 and 40, 25 and 35 per cent in 2013.
Promotion of regional cooperation and integration

Alongside democratic government and human rights, the promotion of regional cooperation and integration elsewhere is the political norm that the EU has most vigorously advocated during the last two decades. According to its Security Strategy, regional organizations “strengthen global governance” and make an “important contribution to a more orderly world” (EU 2003: 9). Leonard speculated that by demonstrating the advantages of cooperation among neighbouring states, the EU would generate a “regional domino effect”, leading to the “emergence of a world of regions” (Leonard 2005: 138-39). The EU has provided financial and other aid to regional organizations elsewhere in the world and touted its model of integration as one that “would also work globally” (former Commission president Romano Prodi, cited in Börzel and Risse 2009b: 5).

Regional integration projects indeed burgeoned in other parts of the world in the late 20th century. They were motivated in part by the EU’s adoption of the single market project, which provoked a “veritable tidal wave of integration projects throughout the world in the late 1980s” (Mattli 1999: 62-63; Ravenhill 2001: 15, 80 and 88 and 2002). The (partial) emulation of the single market project elsewhere did not solely or necessarily exemplify the EU’s “normative power’. To the extent that the EU’s trading partners feared that, if unanswered, the EU’s project would lead to a “relative loss of market access” (Mattli 1999: 59ff), it rather represented a very concrete manifestation of its “market power’. In any case, the project seems to have contributed significantly to the creation of such regional or interregional organizations or accords as the North Atlantic Free Trade Area (NAFTA), the South American Mercosur, the Asia-Pacific Economic Cooperation (APEC), and the Australia New Zealand Closer Economic Relations (ANZCER) (Terada 1999; Leslie and Elijah 2012). The EU’s single currency project too generated considerable interest in other regions towards the end of the 1990s. The member states of the South American Mercosur, for example, adopted a common currency as a goal (Phillips 2001). In East Asia too there were calls from political leaders and central bankers to explore the scope for creating a common currency (Webber 2001).

A decade on, in the wake of the eurozone and other crises, the exemplary power of the EU has receded. Discussion of the creation of common currencies in other regions has ebbed. The EU’s image has taken a severe battering. In Asian eyes, for example, it has turned from being
an “economic giant and powerhouse” into a “hobbled economic giant” (Chaban and Holland: 2013). In China, the official press ridiculed it for overplaying its hand and failing to recognize the “change of the times and the shifts of power” that have occurred in the international order (Financial Times 2013a). A sympathetic US administration was frustrated by its continuing “slide” and diminishing geopolitical profile (Kupchan 2010). In Africa, where China’s footprint has been expanding rapidly, the EU’s economic and political appeal, according to the president of the European Parliament, is waning (Zeit Online 2013).

Similarly, the prospects of the EU burning a trail towards a regionalized world order have also diminished. With the benefit of hindsight, the 1990s look like a golden – but ephemeral – age of regionalism. Many of the regional organizations created or rejuvenated during this period have withered. Although some, such as the Association of Southeast Nations (ASEAN), Mercosur, the Andean Community and the African Union, adopted elements of the EU’s nomenclature (Börzel and Risse 2009b: 8-11), none has developed that is remotely comparable with the EU in terms of the scope or level of political integration, defined as the capacity to adopt and implement common policies. In some regions, such as Southeast Asia and South America, the EU has recognized the relative weakness of the authority of other regional organizations vis-à-vis their member states and increasingly forsaken interregional cooperation in favour of negotiating bilateral agreements with their individual member states.

Conclusions

The bulk of the existing literature on the power of the EU either focuses on the nature of its power or argues that the EU is a rising power. This analysis, which has compared the EU’s international impact across several issue-areas in which the EU has been involved during the decade before and the decade after 2003, suggests that the latter argument is wrong and that the debate over the nature of the EU’s power misses the main point, which is that the EU is not so much a transformative, normative, quiet, market, trade or “realist” power, but rather – meanwhile at least - a declining one.

This overall trend of course disguises variations by issue-area and geographic location. The EU’s power seems greatest in issue-areas – regulatory, trade and environmental policy - where it can deploy its economic and financial resources. Of these, the control of access to its
market is the most potent. The EU is indeed a “market” more than any other kind of power. It is most powerful, as other scholars have already argued, in its immediate periphery, especially among those (mostly small) states that want to become EU members. Beyond this periphery, its power weakens rapidly – it is far more a regional or continental than a genuine world power.

Even on its periphery and in most of those issue-areas where the EU is best equipped to wield power, however, its power appears to be waning. It has not had the same “transformative” impact in the Western Balkans, North Africa and “far” Eastern Europe during the last decade that it arguably had prior to 2004 on Central and Eastern Europe – where, however, conditions for stable democratic government were probably more favourable prior to 2004. And it has not been as powerful an actor in international trade and environmental politics so far this century as it was in the 1990s. This judgment applies all the more for the world outside Europe and other issue-areas. In issue-areas where the EU is frequently rated as a major “normative power”, relating to democracy and human rights and regional cooperation, its gravitational pull has weakened. If it cannot be said to have declined as a world security or world monetary power, but rather perhaps to have stagnated, then this is only because it was neither at the start of the century. In any case, however, widespread prognoses from that time that it would gradually become the one or the other or both have not materialized and show little sign of doing so.

---

\(^9\) For example, Toje (2011: 183) observes that the EU is “most powerful when dealing bilaterally with small states in its vicinity”.
### Table Two

**Trends in the EU’s World Power, 2003-2013**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regulatory policy</strong></td>
<td>Chemicals safety: US TSCA 1976</td>
<td>REACH 2006</td>
<td>High</td>
<td>↑</td>
</tr>
<tr>
<td><strong>Environmental/climate change policy</strong></td>
<td>UNFCCC Kyoto Protocol (1997-)</td>
<td>UNFCCC summit Copenhagen (2009); aviation emission controls</td>
<td>High</td>
<td>↓</td>
</tr>
<tr>
<td><strong>Trade policy</strong></td>
<td>GATT Uruguay Round (1994)</td>
<td>WTO Doha Round; solar panels dispute with China</td>
<td>High</td>
<td>↓</td>
</tr>
<tr>
<td><strong>Monetary policy</strong></td>
<td>Share of official foreign exchange reserves End 2002: 23.8%</td>
<td>Share of official foreign exchange reserves Sept 2013: 24.2%</td>
<td>Low</td>
<td>–</td>
</tr>
<tr>
<td><strong>Democracy promotion + human rights policy</strong></td>
<td>Political liberalization &amp; democratization in Central &amp; Eastern Europe; global democracy trend</td>
<td>Political liberalization &amp; democratization in post-2004 periphery; global democracy trend</td>
<td>Fairly high</td>
<td>↓</td>
</tr>
<tr>
<td><strong>Promotion, diffusion of regional cooperation</strong></td>
<td>Interest in regional political integration (single market)</td>
<td>Interest in regional political integration (single currency)</td>
<td>Fairly high</td>
<td>↓</td>
</tr>
</tbody>
</table>

Why has the EU’s power begun to wane? The most fundamental determinant of this process is the EU’s relative economic decline, which the eurozone crisis has accelerated and accentuated. Other things being equal, the diminished size of the single market relative to that of far more rapidly growing developing countries, especially the BRICS (Brazil, Russia, India and China) weakens the EU’s bargaining power. Hitherto the EU has nonetheless been able to
more than hold its own in international regulatory politics, where it has remained cohesive and states are less constrained in their decision-making by multilateral rules and processes. In international trade politics, where these conditions do not hold to the same extent, the contrasting outcomes of the Uruguay and Doha rounds point to a marked decline of the EU’s power.

The EU’s power resources are asymmetrically interdependent: above all, its relative economic decline reduces its power also in other issue-areas than international trade by diminishing the financial resources that the EU and its members can deploy abroad to promote their objectives compared with those of economically faster growing states. Their threats to withdraw aid from Egypt should Egyptian rulers not respect human rights or democratic norms are hollow if other states, with other political agendas, can provide such aid instead. Their capacity to induce other states to acquiesce in the EU’s international environmental agenda is weakened if the EU has relatively less financial aid to distribute to support its objectives or other states can more easily do without it.

Relative economic decline also affects – and shrinks – other EU power resources. The fiscal constraints created by economic decline have diminished the capacity and willingness of the member states to maintain defence spending, thus curtailing the EU’s capacity to project and threaten to project military power. To the extent that “hard” power remains a relevant power resource, the EU’s power is bound to wane if the absolute as well as relative decline of EU military spending continues.

As, beyond Europe, the EU is perceived primarily as an commercial or economic power much more than as a “green power” or as a promoter of democracy and human rights (Chaban et al. 2013), economic decline has also made the EU a less attractive model for other regions to emulate, thus weakening its “soft” power too. The eurozone crisis has made the EU the object of concern and pity among its supporters and scorn and derision among its critics. The decline of interest in creating common currencies and stagnating orwaning political integration in other regions are the clearest manifestations of the EU’s weakened powers of attraction. An EU that is perceived internationally to be in economic decline is also less likely to be respected and taken seriously by its negotiating partners and opponents in international
conflicts, as it will not be seen as capable of imposing credible costs or sanctions on them if they should resist the EU’s demands.

The decline of the EU’s power over the last decade thus confirms the thesis that a “flourishing economic base” is a prerequisite of being a world or “great” power (Kennedy 1987: 539). But the attrition of the EU’s power is not solely a function of a diminution of its power resources. Still only the US has a comparably large market. Collectively, the armed forces of the member states dwarf those of any country in the world apart from the US. In short, the EU possesses many of the requisite “raw materials” of a world power. If its power is declining, then this is also attributable partly to the nature of the EU’s politico-institutional structures, which have frequently proved incapable of forging common policies, leading either to member states pursuing different policies or to “euro-paralysis” (Zielonka 1998). Whilst this has been most evident and dramatic on international security issues, it has also manifested itself in some issue-areas, such as trade politics, where the EU has very strong competences vis-à-vis the member states. As the conflict over Chinese solar panel exports to the EU showed, this disunity has enabled third states to play off different groups of the member states against each other and against the European Commission. To the extent that the same structures also limited the speed and magnitude of the eurozone’s response to the global financial crisis compared with countries such as the US and UK that (therefore?) recovered faster from this crisis, they have accelerated the (greater part of the) EU’s economic decline.

The reforms introduced by the Lisbon Treaty, in force since 2009, have not sufficed to mediate conflicts between the member states on a series of controversial issues. Indeed, on recent crises in North Africa and the Middle East, the divergent stances of the member states have proved more intractable than they were in respect of the wars in former Yugoslavia, which initially prompted the EU to try to strengthen its capacity to project military power. In practice, in many issue-areas the closer political integration that many observers forecast would occur during the last decade (and would bolster the EU’s power by strengthening its capacity to make and implement common policies) has not materialized. Reflecting differences of historical experience, strategic culture and economic structures and culture, member states’ interests, as represented by their governments, continue to be diverse and often resistant to mediation. The EU is thus in effect a culturally plural, consociational
democracy in which, to pre-empt existentially threatening conflicts, single or small groups of member governments have a power of veto (see, for example, Novak 2013). Under the weight of the eurozone crisis, distributional conflicts and “anti-EU” sentiment have intensified, and interests diverged further, making decision making even more difficult.

The critical question is not so much whether the EU’s world power has declined over the last decade as whether this decline will prove to be purely conjunctural or structural. To the extent that it is a function of the eurozone crisis, for example, the trend could be reversed if at some stage, short of the euro collapsing, this crisis is overcome. However, several conflicts that turned out badly for the EU – that over the WTO Doha Round and that over climate change at the Copenhagen climate summit – predate the eurozone crisis, suggesting that it alone cannot explain the EU’s receding world power. Moreover, even if the EU recovers from the eurozone crisis, it is improbable that rates of economic growth among these “old” developed economies will equal those achieved in the big emerging markets. If the relative economic decline of the EU is the primary contributor to its decline as a world power, it seems unlikely that the EU will reverse the trend that has developed during the last decade.

If the latter analysis is correct, then, to “limit the damage” to the EU’s world power, it becomes all the more important for it to be able to speak more often with one voice and to act more cohesively on the world stage. The last decade shows how well-founded are the exhortations of numerous European leaders that, if the EU wants to maintain its international influence in a world in which the balance of economic power is shifting decisively away from the North Atlantic region, it must integrate politically more closely and overcome its internal political divisions. But these appeals have not borne much fruit, perhaps because these leaders have not been able to mobilize sufficient political consent for such projects. If they should fail and the forces of political disintegration should win the upper hand in Europe, the EU’s power would decline faster and its descent into world-political irrelevance would accelerate. The 21st century could eventually become “Chinese” if China’s rise continues at the same pace it has over the last two decades. If it does not, the new century might prove like the last to be “American”. If the US retreats from the world stage and no other state(s) prove capable or willing to fill the power vacuum that it would leave behind, a leaderless “apolar” world order might emerge and the century would be no-one’s. In any case, however, the 21st century is most unlikely to be “European”.
Acknowledgements

The author would like to thank Simon Bulmer, Fraser Cameron, William Paterson, Anand Menon, Annmarie Elijah and other participants at a panel “The EU in the world and in crisis” staged at the annual conference of the Australian Political Science Association at Murdoch University, Perth from 29 September to 1 October 2013 and three anonymous reviewers for their helpful comments on a first version of this paper. The author alone is responsible for its shortcomings.
Bibliography


Buck, Tobias (2007a) “EU wants rest of world to adopt its rules”, Financial Times, 18 February.


Burke, Edward (2013) “Running into the sand? The EU’s faltering response to the Arab revolutions” (London: Centre for European Reform).


Financial Times (2013a) “China says EU must recognize its decline amid trade war”, 6 June.

Financial Times (2013b) “EU audit finds €1bn aid had little effect on Egypt”, 17 June.

Financial Times (2013c) “EU offers fresh concessions in airline emissions scheme”, 5 September.


